



San Diego
Regional
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Corporation

April 19, 2005

Chairman and Members of the Site Search Subcommittee
California Institute for Regenerative Medicine
P. O. Box 99740
Emeryville, California 94622-9740

Via: Walter Barnes, Chief Administrative Officer

Dear Chairman Klein and Members of the Site Search Subcommittee:

Thank you for the opportunity for finalists to respond to the Finalists' Points Matrix recommendations of staff, first presented at the April 13, 2005 ICOC Site Search Subcommittee Meeting. This letter is submitted on behalf of the Governmental Entity, the City of San Diego.

We are delighted to be one of the finalists to host this prestigious institute, and were impressed by the passion and creativity of all of the bidders. Because of technical non-compliance issues, six of ten cities with excellent proposals were disqualified. Therefore, we were very deliberate in our review of the scoring method and the results for each subcategory in the points matrix. We assessed how San Diego was evaluated against the criteria based on our proposal language as a stand-alone bid, as well as in comparison to the other three proposals which were found compliant and scored.

At all times, we referred back to the specific requirements and preferences as stated in the RFP and the exact language presented in the qualified proposals to avoid subjective interpretation in our assessment of the original scoring results and recommendations for revising the bid scores.

We also addressed the point allocations associated with the site visits, since this is the only time that the Site Search Subcommittee can relate what they've read in the qualified proposals to what they will see when touring the proposed buildings. A summary of our recommendations regarding the points matrix and the site visits is provided below. Please refer to the attachment to this letter, which represents our full response, detailing our assessment of the scoring and recommendations for its modification to be more aligned with the RFP.

Points matrix

We determined that both minimum requirements and preferences were applied as evaluation criteria in the points matrix. In a few instances, we found that the

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Subcategories are not consistent with the RFP. In these cases, we have suggested ways that they could be changed to more closely align with the RFP language. We acknowledge the rigor of the evaluation the Site Search Subcommittee applied to the six bidders who were not selected as finalists due to their non-compliance with the terms of the RFP. The basis of scoring the qualified proposals should reflect the same rigor to assure consistency and fairness.

We believe that some of the proposals, including our own, were incorrectly scored during the evaluation process. Because the subcommittee applied comparative scoring for many of the subcategories, we determined that we had to look not only at our own scores, but those of the other finalists. During our comparative analysis of the proposals provided to us, we identified specific issues with RFP compliance and these we have identified in our full response as provided in the attachment.

Though we have commented on all parts of the proposal the points matrix is most in need of improvement in sections 1 and 8.

Section 1 scores regions on the number of biomedical workers and research institutions in the region. Since this makes up fully 30% of the score and results in almost 50% of the variance between the scores for the four finalists, it is critical that this section receive particular scrutiny and attention.

We believe that the key problem is that different regions used different data sources and different methodologies in responding to the RFP. Given the myriad of different datasets available, this is understandable. However, in assigning scores in this area there seemed to be no recognition of those differences. Instead, a simple ratio was created – without first asking whether each of the respondents was answering the question in the same way and using the same standards. Thus, the two Bay Area proposals relied upon data sources that included every biomedical worker in the greater Bay Area, without excluding, as the RFP stipulates, those workers that are more than a 45-minute travel time from the proposed site. A scoring methodology for section 1 that relies upon public information, as San Diego's does, is the only way to ensure fairness and transparency.

The scoring for Section 8, in our opinion, has two errors. As detailed in the attached document, it fails to take into account the value of the tenant improvements, additional parking and "as is" space that San Diego is offering. At an absolute minimum, the scores for 8a need to be adjusted to remedy this oversight. In addition, the evaluators decided not to put any value on the in-kind contributions San Diego is providing in the Building Owner section of the proposal. We believe this decision is both inconsistent with the language of the RFP and fails to appreciate the value of the services several of

California's leading companies are making to the CIRM. We have proposed a method for rescoring this factor to take into account the oversight in providing points for the tenant improvements, additional parking and "as is" space, as well as to give value to the in-kind contributions laid out in the Building Owner section.

Site Visits

With respect to the upcoming site visits, we also examined Attachment H from the April 13 meeting, and believe that the scoring allocated to Attachment H does not carry sufficient weight in the overall site evaluation. We recommend that, if point scoring is used at all during the site visits, the total value of points be doubled to allow the Site Search Subcommittee to allocate more value to the merits of the alternative sites as seen in person.

The site visits represent the single opportunity for the Site Search Subcommittee members to confirm for themselves what was expressed in each proposal, to garner a sense of the quality of the offerings, and to capture critical intangibles, such as depth of community support. The site visits effectively serve as the due diligence portion of the process by focusing on how the written commitments parallel what Site Search Subcommittee members see and hear during their visits.

Based on this assessment, we propose that, rather than the subcategories provided on Attachment H during the April 13 meeting, there instead be seven alternative points that Site Search Subcommittee members should address during the site visits:

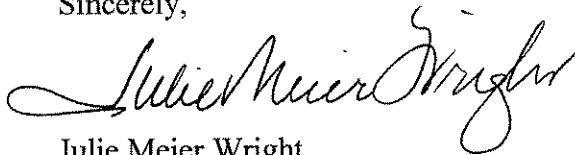
- THE FACILITY – Is the facility what you expected? World-class? Functional? Are key provisions of the building offering credible? Can the site be up and running in a timely way?
- BIOMEDICAL PROFESSIONALS AND CLUSTERING – Do you feel as if you are in a hub of biomedical research, a real center of excellence? Is this a location that can attract high-quality talent, preferably who are currently employed in the immediate proximity of the Institute?
- CONFERENCE FACILITIES – Are they conveniently located? Are there conference center options? Are they suitable for a world-class research institute?
- HOTELS – Are there multiple options? Are the hotels conveniently located? Do they offer the required conference capability, other amenities?
- TRANSPORTATION – How convenient and timely is it to get to/from the airport? Is it easy to move around? Are the public transit options convenient?

- COMMUNITY SUPPORT - Is the community support real? In how many ways is it manifested? Is it a community that offers a high quality of life to prospective employees? Are the community leaders ready to deliver?
- OVERALL IMPRESSION – Is this a place where the California Institute for Regenerative Medicine can succeed, and why? Does everything you have seen bring the highest overall value – a key goal of the RFP – to the CIRM? Is proximity – a key theme in the RFP – everything you expected it to be?

These criteria embody the essence of the RFP, and they could be converted to a site visit evaluation system completed independently by each member of the Site Search Subcommittee team during the site visits. We believe that these criteria are the real issues that will determine the success of the CIRM.

Our organization has responded to many RFPs, and we have applied extensive lessons learned in our response. We hope that this perspective is helpful as you embark on the next critical steps in the site selection process. If you have any questions about our evaluation of the points matrix or about our perspective on the site visits, please feel free to call me.

Sincerely,



Julie Meier Wright
President & CEO
San Diego Economic Development Corporation

Enclosure: Analysis of Finalists' Points Matrix

Cc: Honorable Dick Murphy, Mayor of San Diego
P. Lamont Ewell, City Manager
CIRM Readiness Coalition

INTRODUCTION

San Diego is pleased to have the opportunity to present our comments on the initial scoring of the CIRM bids contained in the Finalists' Points Matrix document, Attachment F. Our response follows the category and subcategory structure of the scoring methodology applied. For each subcategory, our response uses the following common format:

- Current Points Matrix
- The RFP Language
- San Diego's Response to the Respective Subcategory
- San Diego's Assessment of the Other Proposals – to demonstrate our comparative analysis based upon the proposals
- San Diego's Input on Revised Scores

San Diego has been thorough and methodical in its response to the initial scoring results. We have based our comments on the exact RFP language and evaluation subcategories in Attachment F, the specific wording of our proposal, and the specific wording of the other three proposals on the short list. Given the comparative nature of this scoring process, we recommend the score we believe should be assigned to San Diego as well as scores for the other cities. This comparison allows CIRM to understand the rationale of the recommended San Diego scores.

During our review of the Scoring methodology applied to the four bids by San Francisco, Sacramento, Emeryville, and San Diego, we identified several instances of potential non-compliance with RFP requirements. We have included those findings in this response in the interest of fairness for the cities, which were disqualified in the first round of assessment.

San Diego acknowledges the aggressive schedule that the ICOC is trying to meet in establishing the permanent CIRM administrative site. Our experience is that under strict time constraints, bid evaluations can be performed inconsistently, and we appreciate the opportunity to comment on both the process and the results in the interest of fairness and expediency for the citizens of California.

We respectfully submit our response for your consideration.

Item 1 – Significant number of professionals engaged in the field of biomedical research.**CURRENT Points Matrix**

1. Significant number of professional engaged in field of biomedical research (up to 60 points)	Emeryville	Sacramento	San Francisco	San Diego
1.a. Qualified professionals that reside within less than 45 minutes of the proposed building. (6-10 points)	0	6	0	0
1.b. Qualified professionals that reside between 45 – 90 minutes of the proposed building. (0-5 points)	0	0	0	0
1.c. Number of qualified professionals in the area. (1-25 points)	23	4	25	11
1.d. Number of leading universities, research hospitals and/or private research institutions that specialize in biomedical research within 45 minutes. (1-20 points based on the number of such facilities)	17	8	20	16
TOTAL POINTS	40	18	45	27

RFP Language

A significant number of professionals engaged in the field of biomedical research should reside within 45 minutes under normal travel conditions of the proposed facility by reliable transportation. The number of such professionals should be estimated and the basis for the estimate should be documented, including, but not limited to, providing a list of the number of leading universities, research hospitals and/or private research institutions that specialize in biomedical research within the same travel time.
(Pages 3-4, RFP)

In addition, with respect to all preferences, the RFP stated that "... responses to these preferences should be at the highest level possible."
(Page 3, RFP)

San Diego Response (1a)

San Diego's response focused on employment location data since the only source of data for residence locations is Census Data, which is not reliable for this purpose because it will reflect scientific people outside of biomedical research. All four proposals appear to use employment location data.

For Subcategory 1a, San Diego submitted the following:

In January 2005, more than one million people were employed in industries providing professional services in San Diego, and many with organizations with similar administrative functions as the CIRM.

(Page 18, San Diego Proposal)

The map on page 20 specifically defines the location of San Diego's adult populations as well as driving times under normal conditions. All are within 28 minutes of San Diego's proposed location. San Diego should receive the full 10 points for Subcategory 1a.

San Diego Assessment of Other Proposals (1a)

Sacramento's only reference to population residence is on page 5 of their proposal, in which they state, "Over 15,000 life science employees make the inland Northern California area their place of work, and even more make the region their home." Sacramento provides no map showing location of these 15,000 people nor do they provide a source for their 15,000 number, yet Sacramento received 6 points, when they should have received zero based on RFP requirements.

San Diego Response (1b)

For Subcategory 1b, the RFP established 45 minutes as its measure of proximity, and so current scoring criteria 1b – which addresses 45 to 90 minutes – should be eliminated, or it could be amended to compliment 1c and give the extra credit the proposal intended for proximity. No credit was given to San Diego for the intense concentration of professionals in far less than 45 minutes, even though we clearly quantified professionals in very close proximity to the proposed site – more than 24,000 are in a four-mile radius taking less than 20 minutes' travel time.

Our suggested wording, which more accurately reflects the intent of the RFP is, "Number of qualified professionals within a five-mile radius of the proposed building." If 1b is amended as recommended, San Diego would receive 5 points for its significant concentration within five miles. San Diego documented 23,867 individuals within 20 minutes and 5 miles of the building site.

San Diego Assessment of Other Proposals (1b)

Based on this criteria applied to the other proposals, San Francisco would receive zero (none of their 25 closest life science companies is less than 8.6 miles away), Emeryville would receive zero because they did not provide information on proximity in their proposal, and Sacramento would receive 1 point for its count of 902 professionals in West Sacramento and Sacramento. (See 1b of Revised Scores below.)

San Diego Response (1c)

Subcategory 1c, as currently worded, is not consistent with the RFP. Subcategory 1c should be amended to say “within 45 minutes” as is specifically stipulated in the RFP, and all submittals must be checked to verify the accuracy of their claims in this Subcategory.

San Diego provided a map that shows that most of the 38,934 biomedical professionals are located within a 45-minute radius, and thus is fully responsive to the RFP. As noted above, more than 24,000 are in a four-mile radius requiring less than 20 minutes’ travel time. This factual information was not given any preferential point value in the scoring of Subcategory 1c. San Diego therefore should have received the full 25 points. (Map, page 19, San Diego Proposal).

San Diego Assessment of Other Proposals (1c)

San Francisco claimed 85,000 biomedical professionals, but did not claim that they were in a 45-minute radius. They cite BayBio as their source and their data encompasses nine Bay Area counties, which extend substantially beyond the 45-minute radius required in the proposal. (See map, Attachment A) With respect to Bay Area life science companies, there are only 18,190 employees within 45 minutes of the proposed site, and there are no companies closer to the proposed location than eight miles, according to their own sources. (See Appendix 1, San Francisco proposal.)

Sacramento listed 11,151 biomedical personnel, but included locations beyond 45 minutes, which is non-compliant with the requirements of the RFP. The only areas specified by Sacramento in their proposal that fall within the 45-minute Subcategory are:

- Less than 5 miles – Sacramento, West Sacramento
- Less than 15 miles – Rancho Cordova, Davis
- Less than 25 miles – Woodland, Roseville, Rocklin, Folsom
- Less than 35 miles – Auburn, Vacaville

Using the figures Sacramento listed for the above cities, Sacramento’s qualified professionals working for companies within 45 minutes totals 5,764, not the 11,151 professionals that they cite in their proposal. (Sacramento proposal, pages 24 – 30; see map, Attachment B)

Emeryville claimed 80,000 professionals, using Bay Area Economic Forum data, but did not provide any information about their proximity to their site, although the Bay Area Economic Forum indicates that their data covers nine Bay Area countries. Emeryville should receive zero points for 1c, since they do not spell out the required 45-minute radius requirement specified in the RFP.

If Subcategory 1c is scored on a comparative basis, San Diego would receive the full 25 points for its 38,934 professionals. San Francisco, in proportion to San Diego, would receive 12 points. Sacramento would receive 4 points. Emeryville would receive zero, since Emeryville did not identify the location of their qualified professionals within a 45-minute drive time, as required by the RFP.

San Diego Response (1d)

Subcategory 1d appears to have been scored on a comparative basis. San Francisco was given a perfect score and all other proposals were compared against that score. (We also note that San Francisco claimed two sites -- Buck Institute for Age Research in Novato and Northern California Cancer Center in Fremont -- which are outside of the 45-minute radius by their drive time estimates (as stated in the San Francisco proposal itself), and these institutes should be removed from consideration.)

Because of the RFP's stated preference for proximity, a fairer and more methodical way to address Subcategory 1d would be to give a comparative score for the number of institutions and "extra credit" for close proximity.

San Diego provided a map that shows our 13 universities, hospitals and research institutes within a four-mile radius of the proposed headquarters location.
(Map, page 17, San Diego proposal)

San Diego Input - REVISED Scores

1. Significant number of professional engaged in field of biomedical research. (up to 60 points)	Emeryville	Sacramento	San Francisco	San Diego
1.a. Qualified professionals that reside within less than 45 minutes of the proposed building. (6-10 points)	0	0	0	10
1.b. <i>Number of qualified professionals within 20 minutes of the proposed building. (0-5 points)</i>	0	1	0	5
1.c. Number of qualified professionals <i>within 45 minutes of the proposed building. (1-25 points)</i>	0	4	12	25
1.d. Number of leading universities, research hospitals and/or private research institutions that specialize in biomedical research within 45 minutes. (1-20 points <i>based on both number of facilities and proximity</i>)	14 facilities plus extra credit for proximity (verify 45 minutes)	13 facilities plus extra credit for proximity (verify 45 minutes)	15 facilities plus extra credit for proximity (verify 45 minutes)	13 facilities plus extra credit for proximity
REVISED POINTS	14	18	27	53

Item 2 – International Airport

CURRENT Points Matrix

2. International Airport (Up to 10 points)	Emeryville	Sacramento	San Francisco	San Diego
2a. Located within 45 minutes of the proposed building (7 points)	7	7	7	7
2b. For every 5 minutes less than 45 minutes (1 – 3 points)	3	3	3	3
TOTAL POINTS	10	10	10	10

RFP Language

An International Airport is situated within less than 45 minutes, under normal traveling conditions, of the proposed facility by reliable transportation.
(Page 4, RFP)

Site Committee of the ICOC will be selecting four to five sites for final consideration based upon the responses to these preferences. Therefore, local entities must understand that responses to these preferences should be at the highest level possible.
(Page 3, RFP)

San Diego Response (2a, 2b)

An International Airport located 18 minutes from the CIRM Headquarters, offering regular flights to Sacramento and other major California life science centers in under 90 minutes.
(Page 6, San Diego proposal; also referenced on page 13, map on page 14, and flights to Sacramento on page 26)

Subcategory 2b gives extra points for proximity to the airport, however gives no points for time less than 30 minutes. If five points were allowed in this category, it would be a fairer representation of cities where travel time is under 30 minutes. Thus, in order not to change the weighting adopted by the ICOC Site Search Subcommittee on April 13, we recommend that 2a be allocated 5 points and 2b be allocated 5 points. (See Revised Scores below.)

The RFP consistently states “under normal travel times,” and all times should be verified.

San Diego Response to Other Proposals

Sacramento, San Francisco, and Emeryville proposals state less than 30-minute drive times to their airports, which is not reflected in the scoring of this section. All drive times should be verified.

San Diego Input – REVISED Scores

2. International Airport (Up to 10 points)	Emeryville	Sacramento	San Francisco	San Diego
2a. Located within 45 minutes of the proposed building (5 points)	5	5	5	5
2b. For every 5 minutes less than 45 minutes (1 – 5 points)	5	5	5	5
REVISED POINTS	10	10	10	10

Item 3 – No/low cost conference facilities and access to no/low cost hotel facilities.

CURRENT Points Matrix

Number of Years Available	4 years	10 years	10 years	Not Clear
3. No/low cost conference facilities with access to no/low cost hotels facilities (Up to 20 points)	Emeryville	Sacramento	San Francisco	San Diego
3.a. Conditions under which facilities will be available (1-5 points based upon cost, number of years available, stringency, and other conditions)	3	2	5	2
3.b. Conference and hotel facilities within 45 minutes of proposed building (4 points)	4	4	4	4
3.c. Accommodate up to 150 persons (1 point)	1	1	1	1
3.d. Accommodate more than 150 persons (3 points)	3	3	3	3
3.e. Provide at least 6 days per year (1 point)	1	1	1	1
3.f. Provide for more than 6 days per year (4 points)	0	4	4	0
3.g. Parking for participants (2 points)	1	1	2	0
TOTAL POINTS	13	16	20	11

RFP Language

No/low cost conference facilities must be situated within 45 minutes, under normal traveling conditions, of the proposed facility by reliable transportation. [This statement ties to 3b] The conference facility must be able to accommodate 150 or more person for national or international conferences to support the future goals for the scientific, medical, and technical research funded by CIRM. [This statement ties to 3c] The conference facility must be available for use no less than six (6) days per year. [This statement ties to 3e and 3f] The specific times proposed for the use of the conference facility must be listed in the response to the RFP along with the terms under which the conference facilities would be made available. [This statement ties to 3a] In addition, no/low cost professional quality hotel capacity for 150 persons or more must be located within the area of the conference facility. Parking for the conference facility and the hotel(s) must be located in close proximity. [This statement ties to 3g]

(Page 4, RFP)

San Diego Response (3a)

For 3a, San Diego provided a variety of conference facility locations with hotel rooms, all within a 2.5-mile radius of the proposed facility, (pages 22-25 of San Diego proposal, map on page 23) and with commitment letters in Appendix D:

- Estancia with three different meeting rooms, without charge, extended for 10 years
- Lodge at Torrey Pines with 2 different rooms, no charge for 2 ICOC meetings first two years
- Catamaran offers a commitment to host a six days of the 150-person conference requirement for five years

Stand-alone conference facilities, also in close proximity to the proposed facility, are:

- Neuroscience Institute, no charge
- Salk Institute, no charge
- Institute of the America, two different rooms, rates stipulated
- Mandeville Auditorium, two different rooms, rates stipulated
- International House Great Hall, rates stipulated

Other hotel facilities in close proximity offered hotel rooms but did not specify no/low-cost conference space. They are:

- Hilton
- La Jolla Marriott

San Diego provided a variety of options that would ensure low or no-cost space at any time the CIRM scheduled a meeting or conference, believing it was preferable to provide choice to the CIRM rather than constrain the Institute into specific dates. The variety and availability of conference facilities are clearly outlined in San Diego's proposal: from no-cost (at Estancia, Catamaran, Salk, and Neuroscience) to reduced rates, and for terms from 5 to 10 years. San Diego should have received 4 points for 3a.

San Diego Response (3f)

Subcategory 3f gives credit to more than six days per year. San Diego has provided sufficient options to ensure more than six days per year at any time convenient to the CIRM. Some offerings cover the entire ten-year period. For example, in our proposal, we state the Estancia's offering of 14 days in 2005 alone and the Catamaran offering no-cost conference space for five years, for which San Diego should have earned 4 points.

San Diego Response (3g)

All of San Diego's conference facilities offer parking (this includes all conference facilities and one hotel offering parking at no cost). For Subcategory 3g, parking is specifically stipulated in the hotel proposals received from the Hilton and Marriott (complimentary self parking) in Appendix D. Therefore San Diego should be awarded 1 point for providing the parking information for the hotel facilities, but not two points since we did not provide parking information for each facility.

San Diego Input - REVISED Scores

3. No/low cost conference facilities with access to no/low cost hotels facilities (Up to 20 points)	Emeryville	Sacramento	San Francisco	San Diego
Number of Years Available	4 YEARS	10 YEARS	10 YEARS	10 YEARS
3.a. Conditions under which facilities will be available (1-5 points based upon cost, number of years available, stringency, and other conditions)	3	2	5	4
3.b. Conference and hotel facilities within 45 minutes of proposed building (4 points)	4	4	4	4
3.c. Accommodate up to 150 persons (1 point)	1	1	1	1
3.d. Accommodate more than 150 persons (3 points)	3	3	3	3
3.e. Provide at least 6 days per year (1 point)	1	1	1	1
3.f. Provide for more than 6 days per year (4 points)	0	4	4	4
3.g. Parking for participants (2 points)	1	1	2	1
REVISED POINTS	13	16	20	18

Item 4 – No/low cost hotel facilities

CURRENT Points Matrix

4. No/low cost hotel facilities (Up to 10 points)	Emeryville	Sacramento	San Francisco	San Diego
4.a. Number of times available during the year (0 – 4 points = available anytime)	2	1	4	1
4.b. Conditions under which facilities will be available (0-2 points, depending how stringent)	1	0	2	1
4.c. Located less than 15 minutes of the proposed building (2 points)	2	2	2	2
4.d. Able to accommodate up to 25 ICOC members, members of working groups, etc, (1 point) more than 25 ICOC members, members of working groups (additional 1 point)	2	1	2	1
TOTAL POINTS	7	4	10	5

RFP Language

No/low cost professional hotel facilities available at any time during the year within 15 minutes, under normal traveling conditions, of the proposed facility to accommodate up to 25 ICOC members, members of working groups scientists, physicians, professional governmental and patient advocacy personnel. Provide specific terms and conditions under which the hotel facilities will be made available.

(Page 4, RFP)

San Diego's Response (4a)

The variety of hotel facilities within 15 minutes of the site is significant, allowing for availability anytime throughout year. For Subcategory 4a, San Diego has also set aside \$10,000 per year to offset costs of above-per-diem rates for CIRM personnel whose travel is reimbursed by the State WITH NO DATE RESTRICTIONS when state rates are not available. That increases CIRM options for hotel availability. San Diego has guaranteed that CIRM personnel will pay only State rates for all ten years for all hotels. In addition San Diego offered preferred rates at hotels for non-CIRM personnel. San Diego should be awarded the full 4 points for 4a.

(Page 22, San Diego Proposal)

San Diego Assessment of Other Proposals (4a, 4b)

On subcategories 4a and b, 4 points would be awarded if hotel rooms are available at any time during the year and 2 points if there were no conditions on availability. San Francisco's proposal for free and discounted hotel space in 16 hotels – the centerpiece of their offering – should not earn perfect scores for either 4a or 4b because they include contingencies limiting availability and seven-day-minimum advance reservations. (See San Francisco proposal Appendix 3, letters from the Joie de Vivre hotel chain and the Kimpton Hotel chain, which stipulate that the hotel owner “would have the right to specify up to 30 days annually that are “black-out” dates in which no free or discounted rooms could be made available. Reservations need to be made a minimum of 7 days in advance of the arrival.”) The data provided by San Francisco does not merit a perfect score of 4 for availability, or a perfect score of 2 for “no stringency” given the definition of these RFP requirements.

San Diego Input - REVISED Scores

4. No/low cost hotel facilities (Up to 10 points)	Emeryville	Sacramento	San Francisco	San Diego
4.a. Number of times available during the year (0 – 4 points = available anytime)	2	1	3	4
4.b. Conditions under which facilities will be available (0-2 points, depending how stringent)	1	0	1	1
4.c. Located less than 15 minutes of the proposed building (2 points)	2	2	2	2
4.d. Able to accommodate up to 25 ICOC members, members of working groups, etc, (1 point) more than 25 ICOC members, members of working groups (additional 1 point)	2	1	2	1
REVISED POINTS	7	4	8	8

Item 5 – Access to Sacramento**CURRENT Points Matrix**

5. Access to Sacramento (Up to 15 points)	Emeryville	Sacramento	San Francisco	San Diego
5.a. Frequency of transportation (1-3 points)	3	3	3	2
5.b. Type of transportation (1-4 points)	4	4	3	2
5.c. Time needed to access Sacramento (1-8 points based upon commute or travel time)	5	8	4	2
TOTAL POINTS	12	15	10	6

RFP Language

The proposed facility is accessible to Sacramento by reasonable and reliable transportation via plane, train, car or bus. The RFP asks the bidders to specify the most timely mode of transportation and provide estimates of the time necessary for such trips. Preference will be given to the shortest and most reliable modes.

(Page 4, RFP)

San Diego's Response (5a, 5b, 5c)

San Diego's proposal identified 37 flights per day (19 from Sacramento, 18 to Sacramento), almost all non-stop flights with flying times of 85 minutes. Based on this data, for Subcategory 5a, San Diego should receive 3 points.

(Page 26, San Diego Proposal)

San Diego Assessment of Other Proposals

Neither San Francisco nor Emeryville provided quantitative information on flights to and from Sacramento.

The RFP states "timely" and does not specify a preference for the mode of transportation. The subcategory language, however, demonstrates a preference towards driving as a means of transportation, but is not consistent with the RFP language as cited above. The current scoring subjectively assumes that driving or traveling by train is preferable even if flying is equally timely. Subcategory 5b should be eliminated because the RFP specifies timeliness and reliability, not drivability.

It is well known that Bay Area traffic congestion causes lengthy auto trips to Sacramento, often exceeding the 85-minute flight time from San Diego to Sacramento. Citing the San Francisco proposal itself, the 85-minute flight time is less than San Francisco's driving time, defined as 1½ to 2 hours on page 11 of their proposal, and less than Emeryville's train time, defined as 1 hour and 32 minutes on page 10 of Emeryville's proposal. Therefore, for time needed to access Sacramento (5c), San Diego should earn 6 points, San Francisco 4, and Emeryville 5, based on the comparative data presented in the respective proposals

San Diego Input - REVISED Scores

5. Access to Sacramento (Up to points)	Emeryville	Sacramento	San Francisco	San Diego
5.a. Frequency of transportation (1-3 points)	3	3	3	3
5.b. Type of transportation (1-4 points)	NA	NA	NA	NA
5.c. Time needed to access Sacramento (1-8 points based upon commute or travel time)	5	8	4	6
REVISED POINTS	8	11	7	9

Item 6 – Lease Payments up to 10 years.**CURRENT Points Matrix**

6. Lease payments up to 10 years (Up to 50 points)	Emeryville	Sacramento	San Francisco	San Diego
6.a. Number of years at no cost (4 points per year)	16	40	40	40
6.b. Total costs of lease (0-10 points)	2	8	10	8
TOTAL POINTS	18	48	50	48

RFP Language

Lease term of ten (10) years, with a firm term of four years. For each of years of firm term, preference is for no cost. For subsequent years, the lease rent may be at no cost or at the cost the Building Owner wishes to be paid. The Building Owner should indicate for years five (5) through ten (10) which years will be at no cost and which will have a cost and the amount. It is preferred that that [sic] actual cost in each of these years will be limited to no more than the 90% of the market value of similar space for that year.
(Page 5, RFP Minimum Requirement)

San Diego Response (6b)

With respect to subcategory 6b, the San Diego proposal provides a no-cost, 10-year lease to the CIRM (page 6, San Diego proposal). Total cost of a lease is typically defined as including rent payments, NNN expenses, and operating expenses.

San Diego's proposal includes the Building Owner paying for not only NNN expenses and operating expenses, but also utilities and janitorial services within the CIRM space. On page 36 of San Diego's proposal, there is a detailed cost grid for both our "as is" space and our fully improved space. The yellow blocks show estimated actual costs. The blue blocks show expenses that would ordinarily be paid by CIRM and that CIRM's financial obligation for the ten-year term is zero. The green blocks show that the Building Owner has covered the rental obligation, the full service expenses, utilities, and tenant improvements. The total value of the San Diego proposal for the facility is estimated to be \$8,912,247. Additionally, as noted on page 35 of San Diego's proposal, 40 secured underground parking spaces and an additional 40 visitor spaces are provided at no cost to CIRM, and are worth an estimated \$880,426. San Diego should receive the full 10-point allocation for 6b.

San Diego Assessment of Other Proposals (6a, 6b)

Subcategory 6a appears to be scored objectively, although we would note that Sacramento's space is 800 square feet less than the "approximate 17,000 square feet" minimum requirement, which could limit the Institute's flexibility to expand its net useable square footage, since it specifies how the stated space is to be explicitly used.

Sacramento provided a ten-year, no-cost lease valued at \$5.5 million. It is not clear in Sacramento's proposal that they have covered operating expenses, utilities, and janitorial within the space. San Francisco did not provide a financial breakdown on either of their two offerings. Therefore these costs to the State of California are unknown.

Emeryville also did not provide a financial breakdown on their proposed facility. In Emeryville, the CIRM is responsible for tenant improvements, amortized over four years. Beginning in month 49 through month 60, CIRM will be responsible for 100% of all operating costs and taxes, as well as parking. Although Emeryville offers a ten-year lease, they do not provide costs after month 60, nor operating costs and taxes for months 49 through 60, making Emeryville non-compliant with the minimum requirements defined by the RFP.

San Diego Input – REVISED Score (Lease Cost Factor)

6. Lease payments up to 10 years (Up to 50 points)	Emeryville	Sacramento	San Francisco	San Diego
6.a. Number of years at no cost (4 points per year)	16	40	40	40
6.b. Total costs of lease (0-10 points)	2	8	10	10
REVISED POINTS	18	48	50	50

Item 7 – Internet Access**CURRENT Points Matrix**

7. Internet Access (up to 3 points)	Emeryville	Sacramento	San Francisco	San Diego
7.a. Presence of fiber optics or high speed internet connection (1 – 3 points: Fiber optics 3, cable 2, DSL 1)	3	3	3	2

RFP Language

Internet access should use fiber optics and be at the highest speed.
(Page 6, RFP)

San Diego Response

Our proposed office facility provides T1 High Speed Internet access with fiber access through the Main Point of Entry (MPE) in the parking garage. The cabling is verified to be along North Torrey Pines Road and all buildings along this road have access to this infrastructure.
(Page 13, San Diego Proposal)

In its current configuration, high-speed Internet is provided to the building via copper and fiber conduit, and will be routed to Suite 250 at the Building Owner's expense. Specifically, the suite has an existing feed from the Main Point of Entry (MPOE) for lines, digital circuits, etc. to enter the suite, and is wired for voice and data in separate fields.
(Page 29, San Diego Proposal)

The Building Owner shall provide high-speed Internet access in accordance with the FDP and all applicable exhibits.
(Page 33, San Diego Proposal)

San Diego has both fiber optics and cable at the building and, at the Building Owner's expense, we are providing it to the suite. Under the current scoring process, the San Diego proposal should receive a score of 3 for this preference.

San Diego Assessment of Other Proposals

It appears that other proposals, all of which received a 3, have comparable high-speed Internet.

San Diego Input – REVISED Scores

7. Internet Access (up to 3 points)	Emeryville	Sacramento	San Francisco	San Diego
7.a. Presence of fiber optics or high speed internet connection (1 – 3 points: Fiber optics 3, cable 2, DSL 1)	3	3	3	3

Item 8 – Incentives other than free rent during the first ten years

CURRENT Points Matrix

8. Incentives other than free rent during first 10 years (up to 32 points)	Emeryville	Sacramento	San Francisco	San Diego
8.a. The financial value of identified incentives – tenant improvement account, additional parking, moving and conventional furniture allowance and existing facilities that require minimal TI and meet the state's requirements (0-10 points)	0	7	10	7
8.b. Direct or indirect financial value of innovative incentives not described as examples in the RFP – e.g. free/very low rent for more than ten years; no/very low cost for operating or utility expenses, etc. (0-22 points)	10	12	0	0
TOTAL POINTS	10	19	10	7

RFP Language

Incentives, including: free rent, better lease terms than those listed under the minimum requirements, tenant improvements, moving and conventional furniture allowances, additional parking at or near the proposed CIRM facility.
(Page 6, RFP Preferences)

Building Owner to submit two (2) separate proposals. One proposal based on the building in an as is condition but in compliance ...
The second proposal based on all State Specifications, Facilities Design Program (FDP) and attachments in accordance with this RFP.
(Page 6, RFP Preferences)

San Diego Response (8a, 8b)

San Diego has submitted a fully integrated proposal, with all commitments either guaranteed by the Governmental Entity or the Building Owner. All incentives offered by San Diego should qualify in this section. (Page 6, San Diego proposal – see illustration) San Diego quantified the estimated value of all incentives, including in-kind support to the CIRM.

With respect to 8a, San Diego also offered a better lease term than the minimum requirement, including the following incentives spelled out in the current Points matrix:

- Free gross full service including: (referenced first on page 6, and re-emphasized in proposal sections specifically responded to the lease terms, on page 29 and 33).
 - Free utilities for 10 years, total value of \$574,726 (referenced first on page 6 with specific value provided on page 36)
 - Free full service for 10 years, total value of \$1,698,056 (referenced first on page 6 with specific value provided on page 36)
 - (See additional free services under 8b)
- Tenant improvements:
 - Free tenant improvements, total value of \$1,022,829 (referenced first on page 6 with specific value provided on page 36)
 - Free space planning, value unspecified
- Moving allowances:
 - Moving company discounts for commercial and executive relocation, including 30% discount off the Max 4 California Tariff for all moves, and 50%-70% percent discount on relocation of the President. (referenced on page 30, 34, 49)
- Convention furniture allowances:
 - Free furnished executive office, total value of \$40,000 (referenced first on page 6 with value provided on page 30 and 34)
 - Free detailed furniture design and planning service for balance of space (referenced first on page 6) The value of this incentive was not specified.
- Additional parking:
 - Double the required minimum requirement, total value of \$880,426. (Referenced first on page 6 with value provided on pages 30 and 35)
- San Diego is prepared within 30 days, to provide initial move-in to space meeting all state requirements for all current CIRM staff.

Since San Diego was fully responsive to all incentives spelled out in the current points matrix, San Diego should receive the full 10 points for 8a.

Furthermore, with respect to 8b, as part of our gross full service lease, this includes 24/7 security guard as well as access to the Wellness Center located in the complex. These items have been included in the financial value described above for 8a. However, we note that in the scoring process, other proposals were given credit for these incentives in 8b. We are assuming, therefore, San Diego should also receive 10 points specifically for these incentives in 8b.

The criteria for 8b reads “direct or indirect financial value of innovative incentives not described as examples in the RFP” It is in the best interest of the ICOC to consider all financial and in-kind incentives that will benefit the CIRM, which is essentially a start-up company ramping up operations in its permanent facility. As noted first in the Executive Summary of the San Diego proposal on page 6, the San Diego Readiness Coalition, in agreement with the Building Owner, is providing specific community and in-kind support. We believe that all of these in-kind offerings are specific to assisting in the planning, coordination, and operational start-up of the permanent facility, as noted on pages 6, 9, 43, and 58, and fully described on pages 47-55. The total value of all incentives from the San Diego Readiness Coalition was valued at more than \$200,000, however San Diego should not receive full credit because our proposal did not specify the individual value of each in-kind offering.

As summarized, these incentives will “facilitate the transition from the temporary facility to San Diego” (page 6, San Diego proposal), “assist in planning, coordination, and operational start-up of the permanent facility, furnishings and systems, and ICOC-designated functional areas” (page 47), and “reduce the cost of daily operations, relocation, and start-up” (page 58).

These incentives are delineated in the Building Owner Responsibilities section of our proposal, page 30, under Movers and Furniture, as well as the following: “In addition, over 15 organizations are offering pro bono or discounted services to make CIRM transition and operational start-up smooth. This support is valued to be at \$200,000, at a minimum.”

The following incentives are directly related to the transition and operation of the facility (pages 47 – 51, San Diego proposal):

- Discounted relocation services, including discounted temporary housing
- Discounted and free recruitment for CIRM staff
- Discounted transportation (to and from the airport)
- Free and discounted media/communications/scientific outreach, including free memberships to biomedical associations
- Discounted employee orientation, assimilation, retention, and leadership
- Free stem cell research educational program for non-scientists

The following incentives are directly related to the operational systems to be implemented in the facility (pages 51 – 55, San Diego proposal):

- Free legal/compliance advice, including on lease and contracts
- Free accounting and compliance advice
- Free grant management advice, specific to operational systems
- Free information technology infrastructure and informatics
- Free or discounted branding, public relations, public affairs and marketing
- Free coffee services

Many additional incentives are described in the proposal and are not directly associated with the CIRM facility or its operation, and yet are known to have specific, direct value to the CIRM. We have listed below for inclusion within “community incentives” the following incentives that were also described in the San Diego proposal. (Pages 47-48, San Diego proposal)

- Attention of San Diego’s leadership through the Readiness Council
- Inclusion in an active stem cell research community
- Inclusion in active scientific community within 20 minutes for the proposed facility
- Inclusion in the Finest City’s Quality of Life (cultural, social, economic, etc)

The scores for the San Diego proposal should be adjusted to reflect the value of all the incentives provided as part of the Business Owner preferences. Compared to other cities, San Diego provides more value in Subcategories 8a and 8b. However, since we did not specify the individual value of each incentive, San Diego should receive a lower score than the maximum for 8b.

San Diego Assessment of Other Proposals (8a, 8b)

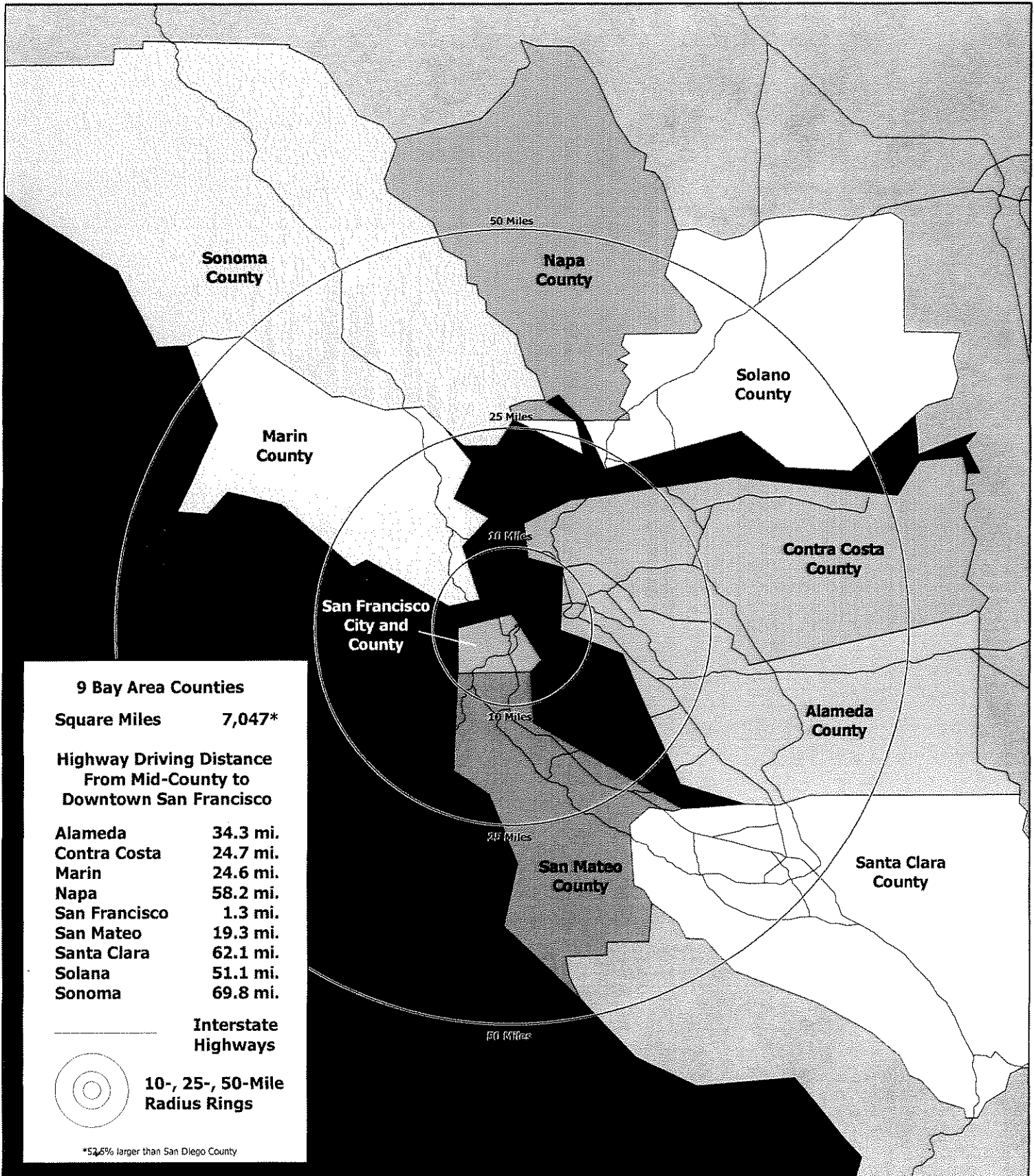
Subcategory 8a requires bidders to provide “the financial value of identified incentives.” San Francisco and Emeryville did not estimate the costs of their lease and related incentives, nor any other incentives other than hotels. Since they did not provide the required data for this Subcategory, there is no basis for allocating any points to San Francisco or Emeryville for this Subcategory, resulting in a score of zero. (In addition, it is difficult to understand how San Francisco received a perfect 10 for 8a without providing additional parking or “as is” space, as listed in Subcategory description.)

Note: There is nothing in the RFP that defined a lease period of more than ten years, so we do not understand why credit would be given for this (8b).

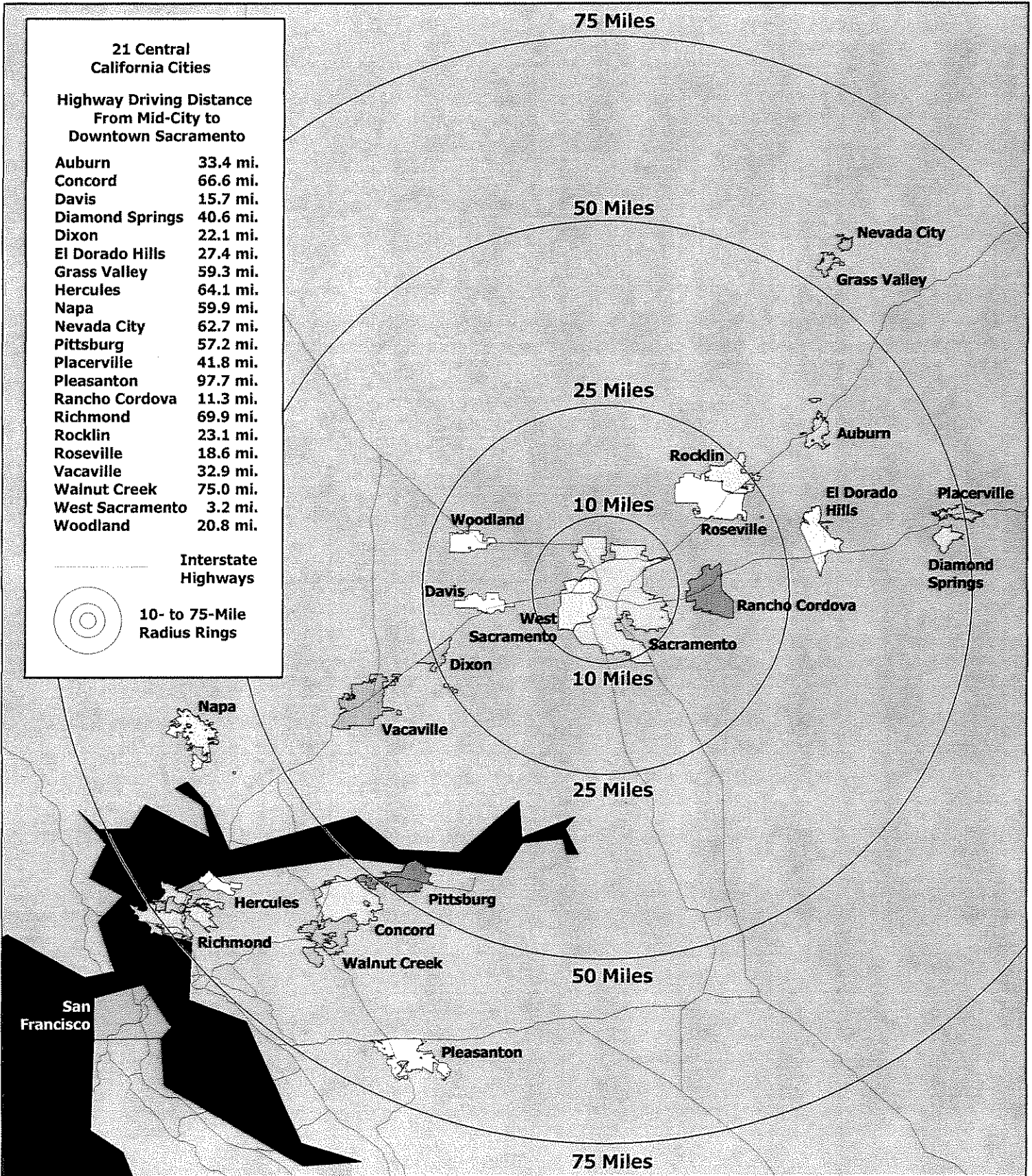
San Diego’s Input - REVISED Scores

8. Incentives other than free rent during first 10 years (up to 32 points)	Emeryville	Sacramento	San Francisco	San Diego
8.a. The financial value of identified incentives – tenant improvement account, additional parking, moving and conventional furniture allowance and existing facilities that require minimal TI and meet the state’s requirements (0-10 points)	0	7	8	10
8.b. Direct or indirect financial value of innovative incentives not described as examples in the RFP – e.g. free/very low rent for more than ten years; no/very low cost for operating or utility expenses, etc. (0-22 points)	10	12	0	15
REVISED POINTS	10	19	8	25

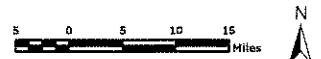
Attachment A: 9 Bay Area Counties, with Highway Driving Distances to San Francisco



Attachment B: 21 Cities, with Highway Driving Distances to Sacramento



Source: Driving distances estimated using ArcGIS mapping software
Sacramento0405; April 2005



TOTAL REVISED MATRIX FOR SAN DIEGO

	Emeryville	Sacramento	San Francisco	San Diego
GOVERNMENT ENTITY				
1. Significant number of professional engaged in field of biomedical research (up to 60 points)				
1.a. 6-10	0	0	0	10
1.b. 0-5	0	1	0	5
1.c. 1-25	0	4	12	25
1.d. 1-20	14	13	15	13
2. International Airport (up to 10 pts)				
2.a. 7	5	5	5	5
2.b. 1-3	5	5	5	5
3. No/low cost conference facilities with access to no/low cost hotels facilities (up to 20 points)				
3.a. 1-5	3	2	5	4
3.b. 4	4	4	4	4
3.c. 1	1	1	1	1
3.d. 3	3	3	3	3
3.e. 1	1	1	1	1
3.f. 4	0	4	4	4
3.g. 2	1	1	2	1
4.no/low cost hotel facilities (up to 10 pts)				
4.a. 0 -4	2	1	3	4
4.b. 0-2	1	0	1	1
4.c. 2	2	2	2	2
4.d. 1 + 1	2	1	2	1
5. access to Sacramento (up to 11 points)				
5.a. 1-3	3	3	3	3
5.b. 1-4	NA	NA	NA	NA
5.c. 1-8	5	8	4	6
BUILDING OWNER				
6. Lease payments up to 10 years (up to 50 pts)				
6.a. 4/year	16	40	40	40
6.b. 0-10	2	8	10	10
7. Internet Access (up to 3 points)				
7.a. 1-dsl;2-cable;3-fiber optics	3	3	3	3
8. Incentives other than free rent during first 10 years (up to 32 points)				
8.a. 0-10	0	7	8	10
8.b. 0-22	10	12	0	15
REVISED POINTS	83	129	133	176